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C O N F I D E N T I A L BEIJING 004827

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ISN/RA FOR RICHARD NEPHEW

E.O. 12958: DECL: 07/23/2037
TAGS: [PARM](#) [PREL](#) [PGOV](#) [IR](#) [IZ](#) [CH](#)
SUBJECT: AFM HE YAFEI SAYS CHINA WANTS NON-NUCLEAR IRAN,
BUT OPPOSES SANCTIONS, DEFENDS "NORMAL" RELATIONS

REF: A. STATE 101574
[B](#). 7/19 EAP-BEIJING EMAIL
[C](#). BEIJING 4801

Classified By: Political Minister Counselor Aubrey
Carlson. Reasons 1.4 (b/d).

Summary

[1](#). (C) Assistant Foreign Minister He Yafei told the Ambassador July 23 that China does not want Iran to acquire nuclear weapons, but dialogue and negotiations, not sanctions, are the best way to solve the issue. Responding to the Ambassador's points, AFM He acknowledged that China continues to sell conventional arms to Iran, but he asserted such sales are compliant with China's international obligations, and Beijing does not believe these weapons are destined for Iraq. China relies on end-user requirements to ensure that arms it sells to Iran are for use only by the Iranian military. Nevertheless, AFM He promised to look into the issue. AFM He urged the United States to engage in more direct talks with Iran. End summary.

[2](#). (C) Ambassador underscored the importance of maintaining international pressure on Iran to comply with its international nuclear nonproliferation obligations (Ref A) in a July 23 meeting with Assistant Foreign Minister He Yafei. China's "business as usual" relations with Iran, in view of the latter's lack of compliance on the nuclear front and its continued support for terrorists, will incur costs for China both internationally and in the United States. A new UNSC resolution on Iran with real teeth, including additional financial sanctions, is needed (Ref B).

[3](#). (C) AFM He responded that China's cooperation with the United States on Iran is "a matter of principle," and China does not want Iran to have nuclear weapons. However, China wants to resolve the nuclear issue through dialogue and negotiations. AFM He (reiterating points made July 20 by Vice Foreign Minister Zhang Yesui to EAP A/S Hill; see Ref C) said China is pleased that the United States and Iran have opened direct dialogue, even if only on the Iraq issue. More direct contact between Washington and Tehran would be helpful for resolving the nuclear issue. The tightening of sanctions on Iran, by contrast, "won't do the trick." AFM He said China's trade and investment relations with Iran are in line with Beijing's international obligations. China wants

to move forward on a UNSC resolution, but wants its "interests" regarded.

¶4. (C) The Ambassador told AFM He that China's conventional arms sales to Iran are raising concern in the United States, especially in light of reports Chinese arms are ending up in the hands of anti-coalition fighters in Iraq. AFM He said China does have "normal" arms trade with Iran, but these conventional weapons sales are compliant with China's international obligations. China requires end-user certificates, which state the weapons will go exclusively to the Iranian military. AFM He said he had not heard of Chinese weapons entering Iraq via Iran, noting that most of the ammunition and weapons used by insurgents in Iraq comes from elsewhere in the region. The Ambassador pushed back, saying that China needs to consider whether end-user statements vis-a-vis Iran are really trustworthy. "We take your point," AFM He said, "and we will see what can be done."

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